

IN THE CHANCERY COURT FOR LEWIS COUNTY  
AT HOHENWALD, TENNESSEE

IN RE: )  
 )  
SENTINEL TRUST COMPANY ) No. 4781  
 )  
 )

---

**COMMISSIONER-IN-POSSESSION'S PETITION FOR APPROVAL OF  
SEPTEMBER BOND PAYMENTS**

---

The Commissioner of the Tennessee Department of Financial Institutions, as  
Commissioner-in-possession of Sentinel Trust Company ("Sentinel"), by and through his counsel  
of record, the Attorney General and Reporter, hereby petitions this Court for approval of payment  
of the September 2004 interest and/or principal payments as set forth herein.

1. Sentinel Trust Company ("Sentinel") is a Tennessee corporation, located in  
Hohenwald, Lewis County, Tennessee, engaged in fiduciary activities and subject to regulation  
by the Commissioner under the Tennessee Banking Act pursuant to Tenn. Code Ann. § 45-1-124.

2. On May 18, 2004, the Commissioner of the Tennessee Department of Financial  
Institutions ("Commissioner") took emergency possession of Sentinel pursuant to Tenn. Code  
Ann. §§ 45-2-1502(b)(2) and (c)(1). Subsequently, on June 18, 2004, the Commissioner issued a  
Notice of Liquidation of Sentinel Trust Company in accordance with the provisions of Tenn.  
Code Ann. §§ 45-2-1502(c)(2) and 1504.

3. Tenn. Code Ann. § 45-2-1504(a)(3) provides that

[i]n liquidating a state bank, the commissioner may exercise any  
power of the office of commissioner, but shall not, without the

approval of the court, in which notice of possession has been filed;  
... [m]ake any payment on any claim, other than a claim upon an  
obligation incurred by the commissioner, before preparing and  
filing a schedule of the commissioner's determinations in  
accordance with this chapter.

4. Sentinel Trust serves as the registrar and paying and /or escrow agent on approximately 99 municipal bond issues. Nineteen of these bond issues have interest and/or principal payments due September 1, 2004. The Commissioner has determined that the entirety of the funding necessary for the September 1 payments is still due from the issuers.<sup>1</sup> Assuming that these monies are timely received, then the Commissioner will be able to make the September 1 payments for these municipal bond issues in full without having to use any funds from the pooled fiduciary account.

5. As such, pursuant to Tenn. Code Ann. § 45-2-1504(a)(3), the Commissioner hereby requests this Court's approval to pay the September 1, 2004 payment on these bond issues, as such payments will not require the use of any of the funds in the pooled fiduciary account.

6. Sentinel Trust also serves as the Indenture Trustee on a number of "corporate" bonds. Five of these bond issues have interest payments due on September 1, 2004. Sentinel's records reflect, as set forth in the attached schedule, that while some funds are still be due from these issuers, all five bond issues should have had additional funds on deposit with Sentinel so as to be able to make their September 1 interest payment in full.<sup>2</sup> These funds are not available, however, due to the \$7.6 - \$8.4 million shortfall in the pooled fiduciary account resulting from

---

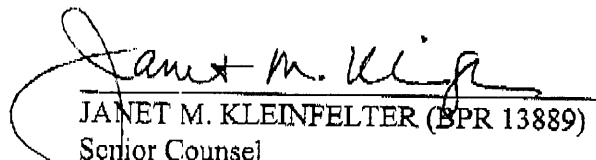
<sup>1</sup>See Schedule of September 1, 2004 bond payments attached hereto and incorporated herein by this reference.

<sup>2</sup>*Id.*

Sentinel's practice of "borrowing" from that account. In the event that the any of these issuers sends in part or all of the monies for the September 1 payments, the Commissioner requests this Court's approval to make the payments on these bond issues, but only to the extent of the funds received from the issuers.

Respectfully submitted,

PAUL G. SUMMERS  
Attorney General and Reporter



JANET M. KLEINFELTER (BPR 13889)  
Senior Counsel  
Financial Division  
425 5th Avenue North  
Nashville, TN 37243  
(615) 741-7403

**THIS MOTION IS SET TO BE HEARD ON THE COURT'S REGULAR  
MOTION DOCKET ON MONDAY, AUGUST 23, 2004 AT 9:00 A.M. IN HOHENWALD,  
LEWIS COUNTY, TENNESSEE.**

**BOND ISSUES DUE FOR A SEPTEMBER 1 PRINCIPAL AND/OR INTEREST PAYMENT**

Number of Issues	Bond #	Account Balance as of 8-15-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of funding
CORPORATE ISSUES									
1	131	102,184.95 69,830.81 29,068.26 200,204.02	T.R.P/A	9/1/2004	55,000.00	9/1/2004	142,900.00	197,900.00	Debtor is expected to make a partial payment of \$5,268.68
2	178	3,662.32 203,715.43 24,018.76 231,397.51	T.R.P/A	3/1/2004	9/1/2004	156,488.75	194,488.75	Debtor is expected to make full payment	
3	56	234.86	T.R.P/A	3/1/2005	9/1/2004	90,862.00	91,096.86	Debtor is expected to make full payment	
4	4	90,294.43 150,714.88 191,003.31	T.R.P/A	9/1/2004	9/1/2004	61,137.50	91,137.50	Debtor may pay \$0,000.00 principal only	
5	1	33,298.30 -40,343.48 -7,045.18	T.R.P/A	DEFAULT	9/1/2004	DEFAULT	DEFAULT	DEFAULT not expecting a payment	
6	58	10,929.72 10,929.72	T.R.P/A	3/1/2005	9/1/2004	81,475.00	81,475.00	Debtor expected to make full payment	
TOTALS RELATED TO CORPORATE ISSUES					85,608.00		\$21,643.25	\$05,643.25	

# **BOND ISSUES DUE FOR A SEPTEMBER 1 PRINCIPAL AND/OR INTEREST PAYMENT**

Number of Issues	Bond #	Account Balance as of 5-18-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of Funding
<b>MUNICIPAL ISSUES</b>									
1	134	-438.85	Town of Anoka, TN	R/P/A	3/1/2005		6,182.50	6,182.50	Municipality
2	133	29.88	Bledsoe Co TN Series 1998	R/P/A	9/1/2004	9/1/2004	28,457.50	38,457.50	Municipality
3	245	0.00	Decatur Co TN	R/P/A	3/1/2005	9/1/2004	137,227.50	137,227.50	Municipality
4	216	0.00	Town of Decaturville	R/P/A	3/1/2005	9/1/2004	7,796.50	7,796.50	Municipality
5	218	-250.00	DeKalb Co TN	R/P/A	3/1/2005	9/1/2004	149,575.00	149,575.00	Municipality
6	86	0.00	Hardin Co TN	R/P/A	3/1/2004	9/1/2004	9,142.50	9,142.50	Municipality
7	182	0.00	Lewis Co TN Series 2001	R/P/A	3/1/2005	9/1/2004	35,977.50	35,977.50	Municipality
8	191	200.00	Marshall Co TN Series 2001A	R/P/A	9/1/2004	9/1/2004	42,147.50	147,147.50	Municipality
9	126	0.00	Marshall Co TN Series 1998	R/P/A	3/1/2005	9/1/2004	58,856.25	58,856.25	Municipality
10	224	-1,270.34	City of McKenzie	R/P/A	3/1/2005	9/1/2004	9,240.63	9,240.63	Municipality
11	23	-395.42	City of McKenzie, TN	R/P/A	9/1/2004	9/1/2004	862.50	30,862.50	Municipality
12	234	0.00	Mississippi 2004 Sewer Rev & Tax Rktg	R/P/A	9/1/2004	9/1/2004	23,537.50	118,537.50	Municipality
13	178	-250.00	City of Mulford, TN	R/P/A	9/1/2004	9/1/2004	40,028.75	255,028.75	Municipality
14	180	0.00	Pearson View I&B District	R/P/A	3/1/2005	9/1/2004	16,808.75	16,808.75	Municipality
15	227	0.00	Pearson View I&B Dist	R/P/A	9/1/2004	9/1/2004	219,354.38	289,354.38	Municipality
16	223	0.00	Stewart County TN 2003	R/P/A	3/1/2004	9/1/2004	100,980.00	160,980.00	Municipality

# **BOND ISSUES DUE FOR A SEPTEMBER 1 PRINCIPAL AND/OR INTEREST PAYMENT**

Number of Issues	Bond #	Account Balance as of 8-18-2004	Capacity	Next Principal Due	Amount	Next Interest Due	Amount	Total Due	Source of Funding
<b>Municipal Issues (continued)</b>									
17	184	182.72	Stewart Co TN Series 2001	R.P/A	3/1/2005	9/1/2004	24,163.75	24,163.75	Municipality
18	72	1,576.12	Stewart Co TN Series 1996	R.P/A,E	9/1/2004	9/1/2004	138,818.75	6,686,498.75	U.S. Treasury Notes maturing 8/15/2004 (2), 330,183.12 due from debtor
19	221	0.00	Town of Tiptonville, TN	9/1/2004	25,000.00	9/1/2004	42,800.00	67,800.00	Municipality
20	67	0.00	Upper Cumberland Gas Utility District 1995	3/1/2001	155,805.00	155,805.00	155,805.00	155,805.00	DEFAULT, but debtor expected to send funds for interest payment due 3/1/2001
21	186	3,428.15	Wayne Co TN Series 2001 Hosp	9/1/2004	125,000.00	9/1/2004	27,540.00	152,540.00	Municipality
		5,798.97	TOTAL Municipal funds reported in pooled						
		5,798.97	Stewart Account as of 8-18-2004						
			TOTAL Municipal payments due 9-1-2004		6,390,000.00		1,275,062.76	8,102,762.76	
			These bonds do not have a named trustee.						
		5,798.97	Funds reported in Stewart Pooled Fund on 8-18-2004 for Municipal Issues.						
		5,798.97	Funds due from maturity of fiduciary assets to pay 9-1-2004 Municipal debt service. (2)						
		2,337,147.13	Funds due and expected from debtors to pay 9-1-2004 municipal debt service.						
		8,102,762.76	Total due to be paid 9-1-2004 for municipal issues.						
		628,730.24	Reported in Stewart Pooled Fund on 8-18-2004 for Corporate Issues.						
		0.00	Funds from maturity of fiduciary assets to pay 9-1-2004 Corporate debt service. (2)						
		805,643.25	Funds due from debtors to pay 9-1-2004 debt service.						
		442,320.80	Funds expected to be provided from debtors to pay 9-1-2004 corporate debt service.						
		442,320.80	Total due to be paid 9-1-2004 for Corporate issues.						
		8,545,081.56	TOTAL EXPECTED TO BE PAID 9-1-2004 FOR CORPORATE AND MUNICIPAL ISSUES						

CODE: T= TRUSTEE R= REGISTRAR P/A= PAYING AGENT EA= ESCROW AGENT